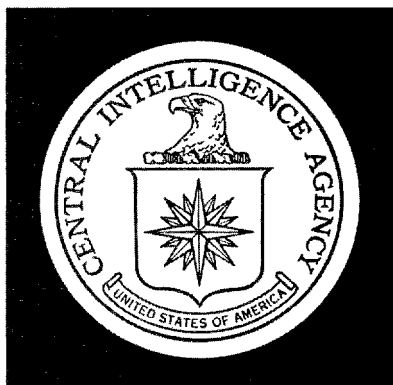


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DIRECTORATE OF
INTELLIGENCE

MEMORANDUM

The Situation in Vietnam

State Dept. review completed

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Information as of 1600
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HIGHLIGHTS

The Communists have recently increased both mortar attacks and small unit actions in the central highlands.

The intercept of a steel-hulled trawler off the coast of Quang Ngai Province demonstrates that the Communists have not been deterred from attempting sea infiltration of war materiel.

I. The Military Situation in South Vietnam:
Communist-initiated activity against US positions in the central highlands has recently intensified and includes both small unit actions and mortar attacks (Paras. 1-3). Another steel-hulled Communist trawler was intercepted on 14 March off the coast of Quang Ngai Province (Paras. 4-5). Only minor damage resulted from two Viet Cong attacks against Tan Son Nhut and Da Nang air bases (Para. 6). There are continuing indications that the North Vietnamese Army 3rd Division may be preparing for an attack against allied positions in southeastern Quang Ngai Province (Paras. 7-11).

II. Political Developments in South Vietnam:
On 14 March, the Constituent Assembly approved a preamble to the draft constitution, and also met privately with government leaders to discuss controversial provisions in the assembly's draft (Paras. 1-2). Anti-"false peace" demonstrations, which have been continuing in Vietnam since 25 February, could have serious side effects if they continue much longer (Paras. 3-5).

III. Military Developments in North Vietnam:
There is nothing of significance to report.

IV. Other Communist Military Developments:
There is nothing of significance to report.

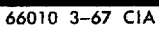
V. Communist Political Developments: Peking condemns US "escalation of the war" (Para. 1). Wilfred Burchett's reporting on Hanoi varies in quality (Paras. 2-6).

ANNEX:

The Revolutionary Development Situation in Phu Yen

The security situation in Phu Yen Province has improved continuously since the introduction of US and Korean troops in late 1965. Taking advantage of the increased security in areas of the province, local Vietnamese leadership has been aggressive in planning and implementing Revolutionary Development (RD) programs. Although weaknesses still exist, the combination of integrated RD - provincial security plans and good local leadership has made Phu Yen Province one of the "showcase" areas for the RD program.

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I. THE MILITARY SITUATION IN SOUTH VIETNAM

Increased Communist Aggressiveness in the Central Highlands

1. Communist-initiated activity against US forces of Operation SAM HOUSTON has increased recently with many small unit actions and vicious mortar attacks reported. SAM HOUSTON is a continuing border-surveillance operation --begun with Operation PAUL REVERE early last May--in the central highlands of Pleiku and Kontum provinces.

2. On 13 and 14 March the Communists in this area fired more than 300 mortar shells at US positions--including headquarters areas--killing at least one American and wounding more than 75 others. US troops counterattacked with support from artillery and tactical air strikes, but enemy losses are not known.

3. This intensified enemy effort may be intended to discourage the establishment of US base camps in sensitive enemy areas which may contain infiltration routes, rest camps, and storage areas. It remains to be seen if this increased Communist activity is the prelude an effort to drive the allied forces from the strategic highlands area.

Another Communist Steel-hulled Trawler Intercepted

4. Continuing allied efforts against Communist lines of communication proved their worth early on 14 March when US ships of the MARKET TIME operation intercepted a steel-hulled Communist trawler off the coast of Quang Ngai Province. When the American patrol craft attempted to inspect the intruder, the trawler opened fire. There were no friendly casualties during a short exchange of fire. The 100-foot trawler was forced ashore and a subsequent explosion--apparently intentionally detonated--completely destroyed the ship. None of the crew was located; however, the military nature of the cargo was apparent from the small arms and uniforms found after the explosion.

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5. The trawler has been identified as similar to the two steel-hulled craft intercepted last May and June. These two trawlers were found to be carrying large amounts of Communist arms and munitions. This ship may have been destined for one of the many Viet Cong seaborne infiltration points known to exist along the coast of Quang Ngai Province. It appears that this method of infiltration of war materiel into the South is still considered to be practicable by the enemy, even with the increased patrol activities of US and South Vietnamese naval forces.

Viet Cong Attacks on Tan Son Nhut and Da Nang Air Bases

6. Only preliminary details are available concerning the Viet Cong attacks on 14 March against two major US air bases, but both appear to have been small-scale actions. The northern perimeter of the Tan Son Nhut Air Base near Saigon was penetrated by a small enemy unit and at least one American was killed before the attackers were driven off. The 20 mortar rounds fired at the Da Nang Air Base in northern Quang Nam Province resulted in damage to several aircraft and a fire in a fuel storage area. These two American installations have been increasingly popular targets for Viet Cong guerrillas.

Major Communist Threat in Southern Quang Ngai Province

7. There are continuing indications that the North Vietnamese Army (NVA) 3rd Division may be positioning forces for an attack against Duc Pho district headquarters and/or nearby allied Special Forces camps in southeastern Quang Ngai Province.

16-22 February have confirmed earlier reports of Communist plans for a major "Quang Ngai Campaign" by the 2nd and 3rd NVA Divisions during the spring-summer period of 1967. These plans reportedly called

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for diversionary attacks by the 2nd NVA Division in the northern and central portion of the province in coordination with a major 3rd NVA Division offensive in the Duc Pho district of southeastern Quang Ngai.

9. Phase One of the "Quang Ngai Campaign" was apparently launched on 15 February when an estimated two battalions of the 2nd NVA Division launched an abortive assault on South Korean Marine positions northwest of Quang Ngai city. The Communists lost nearly 300 killed in the process. The campaign's second phase may also have commenced on 15 February when elements of the 2nd NVA Division sharply intensified their mortar harassment of the 2nd ARVN Division headquarters and other key allied installations in the Quang Ngai city area.

10. The failure of the 2nd NVA Division to implement effectively campaign phases one and two, coupled with the devastating effects of allied spoiling operations conducted during February and March in the northern and southern coastal regions of the province in which more than 1,200 enemy were killed, apparently disrupted the Communists' timetable for the initiation of the campaign's third phase in the Duc Pho area.

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II. POLITICAL DEVELOPMENTS IN SOUTH VIETNAM

1. After considering various alternative drafts of a preamble to the constitution on 13 March, the Constituent Assembly reportedly approved a rather short version during its afternoon session on 14 March. Among other things, the preamble pledged the building of a republican regime aimed at "national unity, unified territory, guaranteed independence, freedom, democracy in equality, and fraternity for present and future generations." The complete text, however, is not yet available, and it is not clear whether any explicit principles of anti-Communism or any offers of national reconciliation were included.

2. During the morning of 14 March, assembly leaders including permanent officers, drafting committee members, and bloc officers met with Chief of State Thieu, Directorate Secretary General Chieu, Information Minister General Tri, and four civilian Directorate members to discuss controversial provisions in the assembly's draft constitution. Details are not yet available, but assembly members reportedly termed the meeting "constructive." The meeting, which is closed to the public, apparently will continue on 15 March.

"False Peace" Demonstrations Continuing

3. Government sponsored demonstrations against negotiations which would lead to a coalition government have been continuing in Saigon and major towns since 25 February. In a recent assessment, the US Embassy commented that the primary reason for the demonstrations is a fear among the Vietnamese that the US Government might be tempted to make concessions to the Communists in unilateral negotiations. In view of the continuing demonstrations, the embassy has concluded that this fear is apparently deeper than previously realized. A secondary consideration behind the demonstrations continues to be a desire to create a domestic political environment favorable to the presidential candidacy of a military officer later this year.

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4. It is not clear how much longer the demonstrations will continue. Premier Ky indicated to US officials on 10 March that the demonstrations would be "damped down." [REDACTED]

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[REDACTED] Premier Ky was recently advised by Bui Diem, his ambassador to the United States, that opposition to the Vietnamese war is strong in the US. Ky may, therefore, believe that he is under some pressure to continue the public "anti-peace" movement. Late press reports state that a massive demonstration of Vietnamese civil servants has been scheduled for 18 March, and that it was cleared personally by Premier Ky.

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5. Should the demonstrations continue much longer, they could result in an unhealthy climate of suspicion and mistrust regarding US policy in Vietnam. For example, by stimulating apprehension that the US Government might negotiate without the consent of the Vietnamese Government, the demonstrations have already worked a few Vietnamese into such a state of suspicion that they believe a current rumor that the US is delaying rice shipments from abroad in order to extract concessions from the Vietnamese Government.

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III. MILITARY DEVELOPMENTS IN NORTH VIETNAM

1. There is nothing of significance to report.

IV. OTHER COMMUNIST MILITARY DEVELOPMENTS

1. There is nothing of significance to report.

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V. COMMUNIST POLITICAL DEVELOPMENTS

1. In an authoritative People's Daily Commentator article on 14 March, Peking condemned recent US military action in North Vietnam--air attacks, artillery bombardment, and mining of rivers--as a "new escalation of the war." The article is the latest in a series of Chinese denunciations of the US and appears to be designed to convince Hanoi that recent US military moves belie any genuine US interest in a negotiated settlement. It was relatively cautious and contained no unusual pledges of Chinese support for the Vietnamese.

Burchett's Recent Reporting on Hanoi

2. Pro-Communist journalist Wilfred Burchett has been a frequent source of information on Vietnamese Communist intentions in regard to the war. Burchett's access to both North Vietnamese and Liberation Front leaders over a long period of time gives his remarks some authority, and he has been used by the Communists from time to time to get their message before free world audiences. In his latest conversations with Westerners, however, Burchett has gone beyond authorized Communist statements in an apparent effort to make Hanoi's recent maneuvering to get the bombings stopped look like a genuine peace initiative.

3. In the original Burchett interview with DRV Foreign Minister Nguyen Duy Trinh, broadcast by Hanoi on 29 January, the North Vietnamese emphasized that they would consider talks with the US, but only in exchange for a permanent cessation of the bombings. This line has been repeated by the North Vietnamese in other public statements and by Burchett himself in an article for the Japanese press on 3 February and again in conversations with a Western diplomat

On 17 February, however, Burchett went beyond this authorized version of the Hanoi position to say that if the US would call off the bombings, North Vietnam would make some

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"gesture of de-escalation" in return. [redacted]

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[redacted] he [redacted] told [redacted] that the North Vietnamese would be satisfied with a clear statement by the US that it was willing to stop the bombings. In this conversation, Burchett reportedly said that it was not necessary for the US to end the bombings unconditionally or even to state how long the bombing suspension would last. There is no information from other sources to confirm that either of these last two interpretations, in fact, represents Hanoi's attitude.

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4. Burchett has also varied his statements considerably in recent weeks on the subject of Chinese influence in Hanoi. Late last January, he was quoted as saying that the reason for past North Vietnamese refusal to negotiate was a Chinese Communist threat to invade North Vietnam if Hanoi attempted to negotiate. Asked if this statement were true [redacted] February, he replied that it was. [redacted] February, however, he is reported to have said that Chinese influence has always been exaggerated and that Pham Van Dong is not "overawed by the Chinese."

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5. Burchett has also reported conflicting stories on just how much the bombings have hurt the North Vietnamese. Until recently he has always stated the Communist line that the bombings have only served to strengthen the morale of the people. Since his last visit to Hanoi in January, he has told several people that North Vietnam was experiencing considerable difficulty, that there were food shortages, and that "great efforts were needed to keep the country going." [redacted]

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[redacted] no drastic deterioration in recent weeks in North Vietnam due to the bombings.

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6. The change in tone or the apparent inconsistencies in some of Burchett's recent remarks may reflect a genuine change in his impressions. It could also be nothing more than an effort on his part to make Hanoi's "offer" to talk look more attractive to US officials. On balance it seems prudent to treat some of Burchett's recent wide-ranging remarks with caution unless they are broadcast or published by the Communists themselves.

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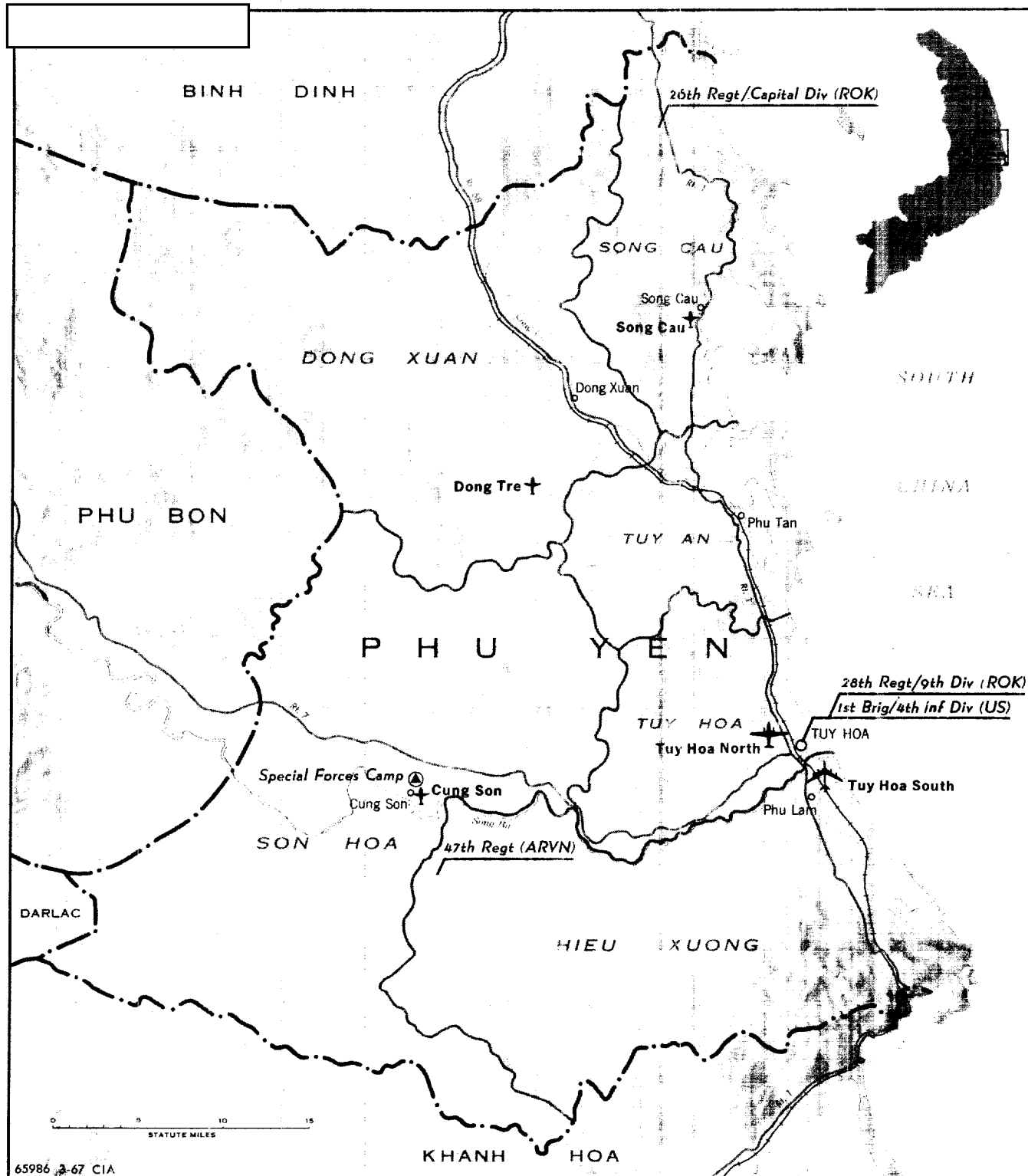
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SOUTH VIETNAM: Phu Yen Province

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ANNEX

The Revolutionary Development Situation in Phu Yen

1. Security in Phu Yen Province, considered poor throughout 1965, has improved considerably over the past year as a result of the introduction of US and Korean troops. Taking advantage of the increasingly favorable security conditions, government officials and their US advisers have pressed the implementation of Revolutionary Development (RD) goals in the province to such an extent that Phu Yen, along with areas in Binh Dinh and Vinh Binh provinces, has now become a "showcase" area for the RD program.

2. The province is subdivided into six districts and a "sub-district." The majority of the estimated 320,000 people in the province reside in the three coastal districts of Tuy An, Tuy Hoa, and Song Cua. Their major means of livelihood are fishing and rice production.

3. The first allied troops were dispatched to Phu Yen Province in late 1965, and by January 1966 they included one US battalion, a Republic of Korea (ROK) marine brigade, and the 47th ARVN regiment. The Korean brigade was replaced during the year by an ROK army regiment, and the US battalion was augmented to brigade strength. In late 1966, a second Korean regiment initiated operations in the province.

4. Allied military operations during 1966 severely affected the NVA 5th Division and some local units based in the province. Half of the 5th Division is now rated only marginally combat effective. Since October 1966, Viet Cong activity within the province has been limited to harassing raids and sabotage.

5. The RD program in the province was also greatly expanded during 1966. In January, there were only 14 40-man Political Action Teams active in Phu Yen, but as of 1 February 1967, there were 22 full 59-man RD teams and two 40-man teams. In addition, five 65-man montagnard RD teams were

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organized in 1966 and are now active in the high-land areas of Son Hoa and Dong Xuan districts.

6. During 1966, 39 hamlets were constructed and/or consolidated by the RD teams. Among other achievements of the teams during the past year were their participation in registering hamlet voters and protecting polling locations for the Constituent Assembly elections in September, their "return to the village" campaign, their inducement of Viet Cong ralliers, and their civic action projects. The "return to the village" campaign has reportedly been responsible for bringing enough people back to previously insecure areas to enable 33,000 tons of rice to be added to the amount controlled by the government. Static Census Grievance cadres, who were first deployed in Tuy Hoa and Hieu Xuong districts, now number 161 and are beginning to be deployed in all districts.

7. Province RD activities are run by two control groups. These groups work under the supervision of the province RD council which is headed by the province chief and comprises government technical service chiefs and key members of the provincial administration. The first control group is the "permanent bureau" of the RD council. The chief of this bureau is an energetic ARVN captain who handles all administrative and logistical requirements necessary to carry out the various RD programs and projects at the village/hamlet level. The second, and more important, control group is the "RD committee." This committee, headed by another dynamic ARVN captain, is responsible for the recruiting, training, supply, and supervision of RD teams in the province. The committee has appointed intergroup leaders to provide better command direction. Each intergroup leader is responsible for three RD teams and reports directly to the chief of the RD committee.

8. The heads of the two control groups frequently--and often unannounced--visit the hamlets where RD teams are working, and give direct guidance, constructive criticism, and encouragement. On

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most visits they come into direct and informal contact with the hamlet residents and attempt to explain the aims of the RD program and to ascertain local needs and wants. In short, these two leaders are offering the type of middle echelon leadership which is so often found wanting in Vietnam, and without which little can be accomplished.

9. A second major factor contributing to the success of RD in Phu Yen is the deployment of provincial security elements to support the RD plan and the RD teams. This has been largely achieved through close coordination between the RD teams and the Popular Forces (PF). In one district, the PF platoons have been subordinated to the RD team leaders. In other areas, particularly where security is precarious, arrangements have been made for the PF to engage in continuous nighttime patrol and ambush tactics. In turn, the RD teams work in the hamlets and provide security during the day, allowing the PF to rest. RD workers are required by the province to remain in the hamlets at night. This establishes a continuous government presence and provides a reaction force in the event of attack. Provincial RD officials conduct spot checks to ensure that the cadre are, in fact, staying in the hamlets 24 hours a day.

10. Phu Yen has also emphasized careful selection and training of its cadre in order to maintain high quality standards. After initial recruitment by the district chiefs and prior to being sent to the Vung Tau training center, all recruits are given a thorough physical examination and one month of paramilitary training. Upon returning from Vung Tau, and before being deployed to the field, the cadre receive another month of in-province training in which they learn to operate as a team. Further refresher training is also given by the province on a regular basis.

11. As a result of the improved military situation in Phu Yen and adjacent provinces, convoys can now travel on coastal Route 1 from Nha Trang in Khanh Hoa Province through Phu Yen to Qui Nhon city in Binh Dinh Province. This opening of Route 1 has had a favorable impact on economic activities in

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Phu Yen. An even greater contribution to the economy of the region would be the re-establishment of railroad connections along the coast, but it will probably be some time before this is realized. Because of adverse weather conditions in late 1966 and early 1967, approximately 20 to 50 percent of the rice crop in Phu Yen--which normally averages 85,000 tons a year--was lost. Since rice is the basis of the provincial economy, it is likely that a serious economic problem will exist through at least mid-1967.

12. Foreign troops in the province number over 20,000, but have not been too obtrusive because they generally operate away from populated areas. Where they are near major towns, arrangements have been made with Vietnamese officials for strict curfews and for fairly effective "fair-price" regulations. Tuy Hoa, the provincial capital, was placed off limits to all US troops, except for advisers, in January 1967.

13. South Vietnam's military and security forces and administration in Phu Yen still suffer important weaknesses. The ARVN 47th Regiment is rated a poor unit in both combat and pacification operations. Provincial Regional Forces--five companies--are doing a fair job in securing their assigned areas, but the Popular Forces (PF) used in defensive roles, are much under strength. Friction reportedly exists between the RF/PF commander and the province chief. The provincial National Police, who number approximately 120, are present in all district capitals, but their low strength and the lack of protective Police Field Force elements have restricted their operations elsewhere. Corruption persists in the province, and in one district, supplies arriving for the allies and the government are alleged to have gone directly into the black market channels. These situations suggest that allied forces may have to remain in Phu Yen for a considerable time if the gains to date are to be held and expanded.

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